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May 17, 1996

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MAY 17 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: Notice of *Ex Parte* Contact
WT Docket No. 96-18

Dear Mr. Caton:

On May 14, 1996, Mark Stachiw and Carl Northrop, both representing AirTouch Paging, met with David Furth, Sandra Danner, Mika Savir and Jay Jackson of the Commercial Wireless Division to discuss the permanent licensing procedures under consideration in the above-referenced proceeding regarding the transition to a geographic area licensing scheme for paging services.

The presentation was consistent with the written comments and reply comments filed by AirTouch Paging in the docket on March 18, 1996 and April 2, 1996, respectively.

A hand-out outlining the presentation topics was distributed. A copy is attached.

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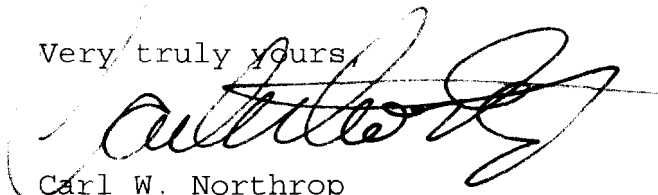
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Mr. William F. Caton
May 17, 1996
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Kindly refer any questions in connection with this
matter to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Carl W. Northrop', written over a horizontal line.

Carl W. Northrop
of PAUL, HASTINGS, JANOFSKY & WALKER

Enclosure

cc: David Furth
Sandra Danner
Mika Savir
Jay Jackson

Permanent Licensing Rules for Paging Systems

(WT Docket No. 96-18)

**AIRTOUCH PAGING
MAY 15, 1995**

Many Aspects of the Commission's Proposal to Facilitate the Future Development of Paging Systems Serve the Public Interest and Enjoy Substantial Industry Support

- The current Site-by-Site licensing procedure should be replaced with geographic licensing
- Electronic simultaneous multi-round auctions are the proper licensing mechanism
- Nationwide paging channels should be exempted from the auction
- Meaningful construction benchmarks are appropriate

An Industry Consensus Has Emerged on Many Significant Questions Posed by the Commission

- No arbitrary paging channel cap should be imposed
- Market-by-market, frequency-by-frequency stopping rules are necessary to expedite the auction process
- Existing interference and service area contours should be retained (including the fixed mileage standards for 900 MHz)
- All exclusive paging channels and some shared PCP channels are appropriate candidates for Geographic Area Licensing

The Record Supports Certain Important Refinements in the Commission's Proposal

- Permittees of nationwide PCP systems should be entitled to complete previously authorized construction and retain exclusivity without an auction
- Incumbents with preemptive geographic coverage should not have to await an auction
- Phantom MX's should be avoided by adopting carefully crafted application and upfront payment rules

The Issues of Primary Concern to AirTouch Paging

- The size of the geographic licensing area (MTA vs. BTA)
- Flexible Partitioning Rules
- Mechanisms to avoid delay
- Additional anti-speculation safeguards
- 900 MHz contours
- Treatment of shared channels

An MTA Licensing Scheme, Properly Crafted, Serves the Public Interest

- MTAs strike a better balance between larger and smaller systems and carriers than other geographic demarcations
- MTAs enjoyed substantial support from diverse commenters
- Well-conceived partitioning rules, and bidding consortia rules, mitigate the concern that MTAs are too big in some instances
- Delays will result from BTA licensing because there are so many of them
- BTAs are too small under current market conditions

Flexible Partitioning Rules Serve the Public Interest

- Dead-zones can be reduced when carriers cooperate at common borders
- Continued cooperation between co-channel paging operators is encouraged
- Build-out accelerates when multiple carriers participate in construction
- Artificial conflicts are avoided
- Partitioning facilitates the smooth transition to geographic licensing
- Partitioning mitigates the concern that "one-size" does not fit all

AirTouch Supports a Partitioning Plan Which:

- Limits eligibility to those with an existing presence in an MTA on the subject frequency
- Allows partitioning only along well recognized geographic boundaries (e.g., county lines)

AirTouch supports a quick adoption of final rules and a licensing scheme designed to minimize delay

- The Commission should award MTA licenses to carriers whose interference contours cover 66 2/3% of the population without awaiting an auction
- Separate upfront payments should be required for every channel on which bidding eligibility is sought to avoid phantom mxs:
 - MTAs 1 to 10 \$10,000
 - 10 to 30 \$ 5,000
 - all others \$ 2,500
- Market-by-market, frequency-by-frequency stopping rules

Additional Anti-Speculation Safeguards are Necessary

- Add a one-year construction benchmark (10% of the population)
- Impose the "death penalty" on auction winners who fail to meet construction benchmarks
- Adopt minimum upfront payment requirements sufficient to assure a seriousness of purpose

Technical and Policy Considerations Establish that the Proposed 21 dBu Contour Formula for 900 MHz Paging Should NOT be Adopted

- The formula is inaccurate and could result in interference
- Applying the formula to existing sites would be disruptive and burdensome
- Serious legal issues arise (retroactive rulemaking; constitutional "taking")
- The existing fixed mileage rules have served the industry well

The Broadly Licensed Shared PCP Channels (e.g., 152.48 MHz)
Should be Subject to Exclusive Geographic Licensing:

- Many broadly licensed shared PCP channel systems are indistinguishable from other exclusive systems in terms of size, scope and services
- The FTC has raised valid concerns regarding the continuing potential for application-mill fraud on shared channels
- New licensing activity will be artificially skewed toward the shared channels
- Parity required for functionally-equivalent shared PCP channels